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Office of Counsel

Subject: Settlement of Damages Caused to Somerset Group Property during August-December 1998 Asbestos Removal Project.

Ms. Linda Shaw Knauf, Koegel & Shaw LLP 183 East Main Street, Suite 1250 Rochester, New York 14604

Dear Ms. Shaw:

Thank you for your letter of May 3, 2000. I reviewed the information that you presented and then asked our engineering staff to provide me with an analysis of the claimed damages and cost to repair them. I expect to receive their analysis in the next couple weeks. When I do, I will provide you with the government's position 3n the claimed damages and the reasons for it.

In the interim, if you have any questions, please feel free to give me a call at (716) 879-4183 or contact me by e-mail at: michelle.f.barczak@usace.army.mil..

Sincerely,

SIGNED

Michelle F. Barczak Assistant District Counsel

Ray Pilon